

FACSIMILE MESSAGE

Amselco Minerals Inc.

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C _____ No. _____

Date: February 16, 1988Number of pages including cover page: fourTo: Peter K. LalorLocation: Hawk Resources Ltd.From: Doug DuskinLocation: Amselco, CamdenQuestions or problems regarding communication of this message,
please contact Deborah

MESSAGE:

The following letter will be mailed today as well. Regards.



10755345



**AMSECO
MINERALS INC.**

1112 Mill Street
P.O. Box 891
Camden, South Carolina 29020
Telephone: (803) 432-9828

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February 16, 1988

Mr. Peter K. Lalor
Hawk Resources, Ltd.
38-40 Parliament Place
West Perth 6005
Western Australia

Re: Barite Hill, Private Landowners

Dear Peter:

In our previous discussions and correspondence, we've gone into some detail as to the necessity of making sure that the residents near the eventual Barite Hill mine site are aware of what we are doing in the area and supportive of it. As I once pointed out, when it came to permitting at Ridgeway, we had no opposition (and usually, support) from those landowners who'd received modest annual lease payments during our exploration phase, even after we had evaluated their land, found no mineralization, and dropped their leases. However, we did have some opposition from some nearby residents who'd never received any financial benefit, but perceived that they would have a potentially undesirable neighbor. We wish to avoid such problems at Barite Hill, and it was agreed at the last Management Committee meeting that Amseco would begin efforts to lease/option neighboring privately held lands.

In recent weeks our landman has spent a good deal of time working with these people. We have identified eight tracts for acquisition. Although we plan to do routine soil sampling and mapping on these tracts, we don't have much expectation of finding mineralization there. All of these eight owners are interested in leasing, but none of them wish to move simply because we have plans for a mine nearby, and none are willing to include an option-to-purchase provision in the lease agreement. Three of these owners live far enough away to be only minimally impacted by a mine at Barite Hill, and we are proceeding with them to negotiate a standard lease deal.

Mr. Peter K. Lalor
February 16, 1988
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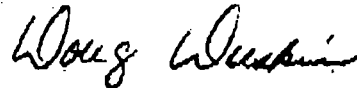
The other five have small tracts and live within visual and noise impact distance from the site, as well as adjacent to the accessway to the site, in some cases. Since they are not willing to consider an option-to-purchase, we have come up with an alternative that will provide them some compensation for the eventual inconvenience of the nearby mining activity, as well as give them incentive to be supportive of the mine going into production. This would be a standard lease which includes a provision for a one-time bonus payment should a nearby mine come into production. A copy of the bonus provision is enclosed.

Since this is a rather unusual provision, I am sending it to you in order that Hawk may review it and comment before we proceed. I trust that it will meet with your approval, and ask you to respond as soon as possible in the affirmative. Since the payment involved will be modest, this is probably a better alternative than our original plan of taking options-to-purchase, and will be an aid to smoother permitting.

Thank you for your prompt attention to this matter.

Sincerely,

AMSELCO MINERALS INC.



D. J. Duskin
Exploration Manager
Eastern USA

Enclosure

cc: A. P. Taylor (with enclosure)
R. C. Babcock (with enclosure)
G. Schurtz (with enclosure)

10/26/1984 10:01

III.C. Exploration Bonus

Amselco shall pay to Lessor a one-time Exploration Bonus of five thousand and no/100 Dollars (\$5,000.00) if Amselco begins commercial mining of Mineral Substances from a pit or shaft located on property other than the Premises, but located within 3,000 feet of any dwelling house on the Premises, provided that such commercial mining operations begin within ten (10) years of the effective date of this Agreement. Such Exploration Bonus shall be due within ninety (90) days of the date on which ore removal for commercial production purposes first takes place from such pit or shaft, but shall not be paid if any commercial mining of Mineral Substances has previously been done by Amselco on the Premises.

Amselco's obligation to pay such Exploration Bonus under the conditions and within the time period specified above shall survive any termination of this Agreement, but shall not serve to limit Amselco's right to terminate this Agreement as provided in Section VII. Upon any termination of this Agreement prior to the tenth anniversary of the effective date, Amselco shall promptly deliver to Lessor an executed document, as appears in Exhibit D hereto, evidencing Lessor's right to the Exploration Bonus under the above-specified conditions. In any event, however, Amselco's obligation to pay such Exploration Bonus shall expire on the tenth anniversary of the effective date hereof.